

Assembly Bill No. 2182

Passed the Assembly August 31, 2006

Chief Clerk of the Assembly

Passed the Senate August 29, 2006

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2006, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 401.20 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2182, Mullin. Property taxation: assessment.

Existing law requires the State Board of Equalization to prescribe rules and regulations regarding the assessment of property for purposes of property taxation.

This bill would require the State Board of Equalization, if funds are appropriated for this purpose, to conduct a study in consultation with the California Assessors' Association and industry representatives regarding the property tax assessment factors used to value nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures. To the extent the board conducts these studies, this bill would also require the board to publish revised valuation factors. However, if the board determines that an update is not warranted after reviewing the data, this bill would provide that the existing factors shall remain in effect. This bill would establish a rebuttable presumption that the full cash value of nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures is the value determined using the assessment factors published by the board after the study. This bill would also provide that the assessor or the taxpayer may overcome the presumption, as specified. This bill would also specify that this presumption does not apply after 6 years, unless the assessment factors are reviewed by the board.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) The property used in certain high technology focused industries is subject to the rapid pace of technological change.

(2) The annual valuation factors currently published by the State Board of Equalization that are used to assess this property is based upon dated studies, causing the validity of these factors to be questioned and giving rise to costly and time-consuming assessment appeals and litigation.

(3) A new study would allow the development of objective and defensible valuation factors and ensure more accurate assessments.

(4) The uncertainty created by pending appeals and litigation over the valuation of this property is disruptive to industry tax planning, local government finance, and school finance.

(b) It is the intent of the Legislature in enacting this act to do both of the following:

(1) Facilitate uniform assessment practices in the assessment of this property within the State of California.

(2) Facilitate the resolution of disputes over the assessment of this property by clearly establishing a presumption of correctness if county assessors use a prescribed assessment methodology.

SEC. 2. Section 401.20 is added to the Revenue and Taxation Code, to read:

401.20. (a) (1) The State Board of Equalization shall, in consultation with the California Assessors' Association and representatives of the computer, semiconductor, and biopharmaceutical industries, conduct a study to obtain and analyze data in order to update the information used to develop the valuation factors annually published by the State Board of Equalization that are applied to nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures.

(2) The State Board of Equalization shall conduct the study described in paragraph (1) only if funds are appropriated by the Legislature to the board for that purpose during the 2005-06 Regular Session.

(3) To the extent the State Board of Equalization periodically conducts these studies, the board shall publish revised valuation factors based on the updated information. If the board reviews the data and determines that an update is not warranted, the existing factors shall remain in effect.

(b) (1) Notwithstanding any other provision of law relating to the determination of the values for property tax assessment,

values determined by using valuation factors resulting from the study described in subdivision (a), as instructed by the State Board of Equalization for nonproduction computers, semiconductor manufacturing equipment, and biopharmaceutical industry equipment and fixtures, shall be rebuttably presumed to be the full cash value.

(2) The assessor or the taxpayer shall have the right to present evidence supporting values different from those based on the published factors in order to attempt to overcome the presumption.

(c) The presumption in subdivision (b) shall not apply to any particular tax year if the information upon which the valuation factors for that category of property are based was last reviewed by the State Board of Equalization more than six years before the lien date for that tax year.

Approved _____, 2006

Governor